

The Energy and Technology Committee
March 7, 2008

Raised Senate Bill No. 573: *AAC Electricity Market Reforms*

Testimony of Dominion Retail, Inc.

My name is William Barkas and I am Manager of State Government Relations for Dominion Retail, Inc. Dominion Retail is a retail electric supplier of about 300,000 electric customers in seven states, including Connecticut where we have over 60,000 mass market customers with our partner, LEVCO. Additionally, we have over 600,000 retail natural gas customers in the Northeast and Midwest states.

Dominion Retail is supportive of the changes proposed by SB 573 in order to eliminate possible electric customer confusion and to facilitate customer interest and enrollment processes. The revisions are almost technical in nature and should be accepted without much controversy we hope, as corrections to the energy legislation passed last year, HB 7432 (PA 07-242).

Section 1 (D) of the proposed language reads that a "Qualifying electric" means an offer to provide full requirements commodity electric service and all other generation-related service to a residential or small commercial customer at a fixed price per kilowatt hour for a term of no less than *six months*." Revising the term from one year to six months would be a beneficial change to consumers who will now be better able to directly and clearly compare the six month standard service price offer of the electric distribution company to that of the participating electric supplier's qualifying electric offer under the referral program. This modification is consistent with the legislature's intent to provide customer education and choice. Otherwise, it is not easy to compare a six month price with that of a price that is for one year or greater. Such a revision is clearly in the consumer's interest and should be adopted.

The second clarification is found in Sec. 3 (a) that allows for a variety of methods for a customer to choose an electric supplier with verification of his intent to make a particular selection. Section 3 (b) further explains how telephonic enrollment verification processes are to be followed. Under these recommended provisions, a consumer could contact a retail electric supplier directly to enroll in choice without having to be "bounced" to another entity, a third-party verification company, which is now the current requirement. Even worse is the situation under the referral program wherein a consumer contacts the electric distribution company for information, is then switched to a retail supplier, who then is required to "bounce" the customer to an independent third-party verification company in order to enroll the customer. This improved process for "in-bound" phone calls is more consistent with current industry practice, it's more customer friendly with fewer hassles, it lowers the cost to suppliers (and ultimately to the consumer), while still protecting the consumer against an unauthorized, undesired enrollment. Such protections would include recorded telephone verification subject to audit. We further recommend that the third-party verification requirement for "out-bound" calls also be eliminated and substituted with recorded phone calls as well.

There is a third necessary correction needed in PA 07-242, we believe, that is found in Sec. 92 (D) (5) of the Act, and is not yet reflected in this legislation, SB 573, but is nevertheless important. The intent of the debate surrounding the Act was to allow customers participating in the referral program to switch enrollment among the suppliers and electric distribution companies without any penalty fees, but only during this period. Instead, the actual statute now apparently allows customers to breach any of their electric supplier contracts at any time to switch to the utility and even to other competitive suppliers during the term of any contract relationship without any penalty or charge. Such language clearly discourages any type of supplier contract with a consumer, except for a very short duration. No supplier is likely to assume the financial risk of committing to a long-term fixed price contract, that could well benefit the consumer at a time of rising electric prices, if the customer has the ability to break the agreement at any time without any consequence or fee. The statute should be amended to clarify the intent that the prohibition of any fee or charge for switching suppliers is applicable only during the term of the "qualifying electric offer" (referral period).